

Pleas for Two B. R. T. Co-Receivers Denied; Garrison Will Remain

Official, Permanently Appointed. Recommends \$10,000,000 Be Spent

He Asks 500 New Cars

\$1,100,000 Is Needed for Malbone Wreck Claimants; Justice Promised

Federal Judge Julius M. Mayer yesterday denied the applications of the Board of Estimate and the Public Service Commission for additional receivers to administer the affairs of the Brooklyn Rapid Transit Company.

Judge Mayer continued Lindley M. Garrison, former Secretary of War, as the company's only receiver, thus making his appointment permanent.

Mr. Garrison submitted to the court a preliminary report, in which he recommended that \$10,000,000 be expended for the purchase of 500 new steel cars. He said the chief difficulty of the B. R. T. was "lack of cash."

Both Judge Mayer and Mr. Garrison gave assurance that the claims arising from the Malbone Street wreck would be fully protected and speedily settled by the administrators. Judge Mayer declared he would not allow "50-50" settlements, where claimants would be mulcted for legal fees, while Mr. Garrison reported \$1,100,000, estimated as the total of the claims, would have to be raised shortly.

Garrison Continued

As B. R. T. Receiver; Other Pleas Denied

Judge Mayer, in the United States District Court, at a hearing yesterday on the application for a receivership for the Brooklyn Rapid Transit and subsidiary companies, denied all formal motions for more than one receiver, and continued Lindley M. Garrison, who was appointed temporarily, at that post.

Two applications were made, one by Corporation Counsel Burr for the Board of Estimate, the other by William L. Ransom for the Public Service Commission. John J. O'Leary, representing claimants of the Malbone Street accident, made verbal application, which was denied when presented to the court in writing.

Walter F. Taylor, responding for the Westinghouse Electric and Manufacturing Company, the plaintiff in the lawsuit to be heard, argued for the permanent appointment of a receiver, on the ground that a large amount of construction work would be stopped altogether, to the detriment of the property, unless a one-man administration were put in control.

Ransom Makes First Plea
Mr. Ransom made the first plea for an additional receiver, because of the great financial interest of the city involved in the bankruptcy system. He declared that it was no ordinary situation, but a case of municipal and financial emergency.

"The receiver is operating more property of the city than of the constituent companies," he said. "The real creditor is the City of New York, which has already placed \$110,000,000 in the property, and the matters of efficiency and safety of service are of the city's public concern."

"The commission believes there is need of a co-receiver so that there may be not only a financial plan, but may be a plan of management which may suffer from the commission and the Corporation Counsel that a contract with the city has been broken by these companies, and it remains for them to protect the city's interests."

"What has the breaking of a contract to do with the appointment of a receiver?" Judge Mayer interrupted, pointing out that the city had adequate remedies for the breach in other courts.

Mr. Ransom persisted, on the ground the city wanted a part in the construction and reorganization of the city's transportation. Judge Mayer asked how the failure to appoint a co-receiver would stop the work, and showed the Public Service Commission already had supervisory power over construction.

Corporation Counsel Burr attacked the application of the Public Service Commission for a co-receiver, and contended the city administration's representative, Controller Craig, as the proper man to look after the city's investments.

"This Is the People's Money"
Mr. Burr opposed the claim, which he said had been made by Mr. Ransom that the Public Service Commission had the exclusive right to represent the city in contract matters, and declared the fact that the city officials had been consulted in the appointment of Mr. Garrison as receiver. Referring to the millions involved in the B. R. T. by the city, Mr. Burr said: "This is the people's money. The Mayor and the Board of Estimate represent the people and are responsible to them. The city is not the owner of the subway in question, but the largest creditor of these defendants."

After Mr. Burr had read the Board of Estimate's resolution presenting Controller Craig as a possible receiver

to serve without pay, John J. O'Leary, attorney for wreck claimants, asked for a receiver not connected with security holders or the operation of the company. Judge Mayer promised consideration of the motion when it should be formally made, taking occasion to assure the claimants of every consideration and speedy settlements.

"It is the purpose of the court to do everything in its power so that those justly entitled to compensation shall be granted it," said Judge Mayer. "It is the duty of the court to accomplish such results as soon as law and facts permit."

Would Safeguard Rights
"I don't want any of these unfortunate people to think that a receivership is for any other purpose than to safeguard their rights and their lives, and to accomplish this purpose as soon as local technique requires."

"It is also my purpose to instruct the receiver in this case, and as a general rule, I shall be advised as to what expenses are incurred by the persons plaintiff in the case. I am anxious that the receiver should be able to enhance the value of legal representation in such cases."

"If there are any 50 per cent contract ending shall not allow the receiver to take a 50 per cent contract. I will not set an arbitrary standard of fees, for one case may be more difficult than others, but everything shall be done by the receiver and the court, so that none of the plaintiffs need be hurried into unjust settlements on the one hand or forced to pay exorbitant fees on the other."

Asks Attorneys' Opinions
Judge Mayer then asked the opinions of all the attorneys representing the various interests in the room as to the claims of the victims. All, including George W. Yeomans, the B. R. T. general counsel, agreed that the claimants should have preferential positions as creditors of the company, every assistance in obtaining justice.

Other lawyers who made brief arguments were Paul D. Gray, for the bondholders; Eldon H. Hibbs, for the stockholders; George S. Franklin, for the War Finance Corporation; and William Erbe, of 110 Broadway, himself a stockholder. Mr. Hibbs and Mr. Erbe opposed additional receivers, while Mr. Gray suggested that instead of co-receivers it would be sufficient if the court notified representatives of all the interests of every move made.

Judge Mayer then gave his opinion denying the applications for co-receivers and continuing Mr. Garrison as receiver.

Judge Mayer Thinks Co-Receivers May Be Useful Later

Judge Mayer, in denying the application for additional B. R. T. receivers made by the Public Service Commission and the Board of Estimate, made it clear the time might come when such receivers would not only be helpful but necessary, and that applications might be made at any time. He urged all those who desired to intervene to make application by February 2.

Judge Mayer declared that every step in the administration of the B. R. T. would be made known fully and instantly to the public, particularly those matters "affecting the safety and comfort and the interest of the public at large."

Stating that the situation of the B. R. T. came under two heads, physical and financial, Judge Mayer said: "In view of the fact that a deplorable accident has occurred, it is important that every reasonable and possible effort shall be taken that no such thing as that can occur upon this system again, while in any event this system is under the charge of this court."

Would Make System Safe
"At once the receiver will make every effort to have this physical condition known, so that all that can possibly be done with the funds at hand and with funds that it is necessary to be obtained shall be done to make this whole system safe for the carriage of the large number of our inhabitants and our visitors who are carried upon this system daily."

He asked the receiver to request the Public Service Commission, and understand he has to do so, to assist him by having their expert men make this physical survey. That request thus made, as I understand, or in any event, to be made, was in a spirit of cooperation.

"It is our purpose to deal with the Public Service Commission, not at arm's length, not with technical resistance, but in a cooperative spirit, and to make the Public Service Commission will find upon the part of this receiver no effort technically to avoid whatever may be the proper and just efforts on the part of the Public Service Commission, designed, as I have repeatedly said, for the proper operation of this railroad, from the standpoint of safety."

Patrons' Good Will Needed
"It must be the effort of the receiver, if possible, to attract the good will of those who are daily traveling upon this railroad. It is in my mind that there is a lack of kindly attitude on the part of the traveling public who use this system toward this road. If that be so, it is the duty and unquestionable purpose of the receiver to so conduct this road so to endeavor to give to the people traveling over it a service view indicated that any reasonable and fair."

"Of course the result cannot be accomplished at once, because an ideal service will require doubtless a great deal more to be done, and will require possibly more money than is now at hand. But I think if it is understood that the receiver and the court approve the problem from the point of view indicated, that any reasonable man, not misled by misapprehension or misunderstanding, will be very glad, and by day, to see improved conditions rather than to see unsatisfactory service continued."

"Now, in respect of the internal conditions of this company I thought that the receiver should not make any radical changes, if at all, until after this motion has been heard."

"He has already started to investigate the situation, and from the point of view of the highest standing in point of authority and compensation to the employee of the harshest duties, the receiver will, of course, make a careful investigation to see first, what is the ability of the various officers and employees, and second, what is their compensation, and third, what in right and justice should be done or should be recommended to be done."

"By that I do not wish to be understood because I am talking very frankly as thinking for one moment that under present conditions of living it would be possible or fair or right to reduce in any manner, shape or form the present wage of the men who in one capacity or another—men and women—at trainmen and gatekeepers, and

the like, are working in the power houses and on the tracks.

Disagreement by Counsel
"Any application on the part of the City of New York or on the part of the Public Service Commission is entitled to the most careful and most respectful consideration. The argument of the learned counsel for the city and the learned counsel for the Public Service Commission indicates that there is lack of agreement between these two great bodies in some respects which are stated. One official thinks that the other body is not entitled to representation. One counsel thinks that, whatever else happens, there should be at least the additional representation which would represent the city."

"I think the representatives of the city and of the Public Service Commission manifestly have some firm convictions as to the rights they represent and as to the policies which in their judgment should be pursued. Whether one or two additional men are appointed, it must be plain that it would be impossible for the court successfully or intelligently to conduct a complex receivership of this kind with other receivers representing not the court, but representing some point of view which might or might not accord with the point of view entertained by the receiver appointed by the court."

"Such a situation is not known in receiverships. Such a situation might seriously tend to destroy the efficiency of the receivership, and a receivership of this character, and might transfer from a forum outside the receivership and the court the controversies which might properly be settled at some place and timeother than by this court."

"I must be quite plain that the court is unable at this time, either on the one hand to appoint a co-receiver, which would be simply having two men where, in the court's judgment in the circumstances, the case could be completely done, or, on the other hand, accepting the court's appointment, but the nomination by a public official of a gentleman charged with various responsible duties, who is necessarily very completely and greatly occupied otherwise, who shall act as receiver, not as the court's arm, but as representing what is regarded as the rights of one of the very and extremely important units which come into this situation."

"I do not for a moment foreclose the proposition that there may readily come in the course of this receivership a time when one or more receivers may be regarded as helpful and necessary to the court. I can imagine that when the time comes to work out the financial future of this company that the aid of a receiver representing at that time the united view of the public authorities may be of great service."

Garrison Figures B. R. T. Needs \$10,000,000 at Once for Betterments

Lindley M. Garrison, who was made permanent receiver of the Brooklyn Rapid Transit and its subsidiaries yesterday by Federal Judge Julius M. Mayer, in a preliminary report made to the court estimated that \$10,000,000 would be needed by the bankrupt system for immediate construction and equipment work.

Mr. Garrison recommended that 400 or 500 new steel cars costing \$2,000 each, be purchased at once to replace the old wooden cars in use in the subways of the B. R. T. as a vital step in bettering the service and safeguarding patrons.

The report stated that not less than \$1,100,000 in claims against the B. R. T. would be due as a result of the Malbone Street tunnel wreck, and attention would have to be made soon to meet these claims, if they are to be paid.

Discusses Future Costs
After making a summary of the history of the B. R. T. system, Mr. Garrison said of future construction and cost:

"There are yet to be furnished and supplied by the New York Municipal Railway Corporation (for which the B. R. T. is a holding company), the following items, which are estimated to cost approximately \$10,000,000, exclusive of taxes, discount and interest during construction, the amount of which is chargeable to cost under the subway construction, but cannot be determined definitely in advance. Neither do the figures include possible purchases of real estate or abutting property owners' damages on account of elevated railway construction:

Completion of equipment of city railroads for initial operation..... \$2,500,000
Completion of additional tracks on extension of existing railroads..... 2,500,000
Reconstruction of existing railroads (including the extension of the Third Avenue and Third Street lines)..... 2,000,000
Total..... \$7,000,000

Obligations Outstanding
"In respect of the above, obligations outstanding on account of work now under way or contracted for will call for approximately \$5,000,000, which will be payable at monthly intervals within the next six months in amounts of approximately \$500,000 per month. Included in the above total of \$10,000,000 are items aggregating approximately \$3,000,000, the expenditure of which will probably not be required until after July 1, 1920."

The report outlines fourteen major items of construction which will have to be undertaken, the effect of the delay in completing which, it says, has thrown all the traffic from Brooklyn to

TIFFANY & Co.
FIFTH AVENUE & 37TH STREET
PEARLS DIAMONDS JEWELRY SILVER
CLOCKS WATCHES CHINA STATIONERY

Manhattan through one outlet, the centre Street loop. Altogether, according to the report, there remain unfinished 47 miles of rail out of a total of 115, and 19 miles of road out of 41.

The main sources of income of the B. R. T. are given as from dividends of constituent companies, interest on advances to them and on bonds, sale of power, maintenance contracts with subsidiary companies, and net profits of the Brooklyn Heights Railroad Company.

Present Financial Condition
The present financial condition of the B. R. T. system is summarized by Mr. Garrison as follows:

"Taking the entire Brooklyn Rapid Transit System as a unit and eliminating inter-company items, the consolidated statement of results of operation for the year ending June 30, 1918, showed a surplus over all charges of \$4,112,054."

The total income of the New York Consolidated Railroad for that period is given as \$1,315,621. For the first five months of the present fiscal year (since June 30, 1918) the net income is placed at only \$81,784, or \$619,333 less than for the same period of last year. The balance sheet of the company indicates a surplus of \$1,215,540, excluding dividends declared for the year in advance and unpaid.

Taking up the affairs of the B. R. T., the holding company, the report says: "The company's present chief difficulty seems to be lack of cash. Not only have dividends on stocks of constituent companies been reduced or entirely suspended, but the constituent companies are in arrears in payment of interest on their certificates of indebtedness, and the New York Municipal Railway Corporation has failed to pay the interest due January 1 last on its bonds, most of which are owned by the Brooklyn Rapid Transit Company."

Paid Out Millions
Mr. Garrison then made the point that the B. R. T. had sold no securities itself for the last ten years, paying out instead millions of dollars to finance its constituent companies, so that its "bank surplus" on November 30 last, of \$1,087,085, instead of being cash was represented by the bonds of the constituent companies.

The report states that the increased cost of labor, fuel and materials has added greatly to the burden of the transit corporations. Taking November, 1918, as a basis for the entire year, the increased cost of operation, as compared with 1918, the report states, would be:

1918. 1919. Increase.
For fuel..... \$11,321,998 \$11,712,222 For labor..... 1,429,874 1,523,396 1,083,082

Taking a Consolidated system statement for the five months ended 1918, compared with the five months of the year previous, a falling off of 86.70 per cent in earnings is noted in the report. The system earned \$318,729 in 1918 and \$2,338,759 in 1917, or a falling off of \$2,077,021.

Financial Requirements
The financial requirements of the immediate future are given as follows:

NEW YORK MUNICIPAL RAILWAY CORPORATION
For construction and equipment work now under way amounting to city contracts and payable at intervals during the next six months..... \$5,000,000
Interest chargeable to construction to January 1, 1919, and unpaid..... 800,000
Sinking fund due January 1, 1919..... 190,000
BROOKLYN RAPID TRANSIT COMPANY
Bills payable to banks and trust companies..... \$2,500,000
Additions to power facilities (mostly under contract and payable within the next six months)..... 1,150,000
(Most of this work is being done by the B. R. T. as agent for the Brooklyn Heights Railroad Company, and the cost will eventually be repaid by the latter company, but the facilities are needed to enable the B. R. T. to carry out its contract for furnishing power.)
Purchase of fifty trailer cars, with appliances (as agent for surface railroad companies)..... 417,000
NEW YORK CONSOLIDATED RAILROAD COMPANY
Interest due February 1, 1919, on underlying bonds..... \$340,000
Conversion of surface cars for trailer operation (as agent for surface railroad companies)..... 200,000
Replacement of storage and dock facilities required by government (partly chargeable to constituent companies), about..... 50,000
Interest on bonds, due January 1, 1919, and unpaid..... 2,026,725
Principal of 6 per cent bonds, due July 1, 1918..... 500,000

Refers to Malbone Street Wreck
Giving a separate section to the Malbone Street accident, the report says: "On November 1, 1918, a deplorable

accident occurred on the Brighton Beach line, at Malbone Street, resulting in 94 deaths and 203 persons injured. Prior to my appointment settlements had been made in twelve death cases, and 102 personal injury cases, at an aggregate cost of \$138,000. While only an approximation can be given of the amount of damages still accruing, the sum will probably be not less than \$1,100,000.

Merchants' Association
Protests Refusal to Raise Streetcar Fare

The Merchants' Association made public yesterday a letter it sent to the Board of Estimate and Apportionment protesting against the board's refusal to grant a temporary increase of fare to transit companies and against the project of municipal operation of transit lines. The letter, in part, follows:

"In these and other transit projects of the city has recently made new investments of approximately \$250,000,000. For the payment of the interest and sinking fund charges upon this great sum the city is liable. These charges must be paid out of taxation unless the required funds can be derived from other sources."

"It was contemplated and expected that the revenues of the properties in which the city is so largely interested would in the near future provide for these public charges and make recourse to taxation unnecessary. Before, however, the city can share in the revenues from the property all operating costs and certain preferential charges must be met. It is obvious, therefore, that if the operating costs increase to such an extent as to consume the larger part of the revenues the city will suffer severely by reason of being compelled to pay the interest and amortization charges out of the public treasury instead of out of the profits arising from the property."

"This association has made a thorough and exhaustive study of the revenue of the city, and has found that the utilities, and has found that those results are almost uniformly disastrous."

Almost without exception government operation has resulted in inefficient service and excessive cost.

"In very few instances has the public derived any benefit from such public operation. The almost uniform result has been poorer service and higher cost. In addition, the political abuses and dangers which are likely to result from public ownership and operation are most serious."

Certain Trust Funds
Escape Federal Tax

Those Created Previous to Law's Passage Immune, Referee Rules

Edgar M. Callen, former judge of the Court of Appeals, acting as referee in a friendly suit, has decided that the Federal estate tax law does not apply to trust estates created before the law was passed on September 8, 1916.

The suit was a friendly action brought by Anson Wales Hard, Jr., William R. K. Taylor, Augustine J. Smith and Henry von L. Meyer as executors and trustees under the will of the late Anson Wales Hard, Jr., against themselves and Dr. Courcy L. Hard, as executors and trustees under the will of Mrs. Ellen Wipple Hard, second wife of Anson Wales Hard, Jr., and against Harry P. Keith, who was collector of internal revenue at the time the suit was started.

Anson Wales Hard, Jr., died on June 20, 1917, at his home at Lawrence, Long Island. He was a member of the firm of Hard & Rand, coffee dealers, of Manhattan.

The executors of his estate paid to the government, under the Federal estate tax law, more than \$75,000 on Mr. Hard's estate. They refused to pay to Collector Keith any tax on trust funds created by the will.

W. & J. SLOANE

ESTABLISHED OVER 75 YEARS AGO

We Are Now Holding CLEARANCE SALE

comprising

1600 DOMESTIC RUGS Of Standard Qualities

The large and desirable selection, the high standard of quality and the great price savings represented make this the most noteworthy Sale of Domestic Rugs that we have ever held.

The range of size is from 1 ft. 10½ in. x 3 ft. 0 in. to 11 ft. 3 in. x 15 ft. 0 in.

Many patterns at less than the present wholesale prices.

We quote below a few examples—other sizes at proportionate savings.

WILTON RUGS

Regular and Extra Qualities

8 ft. 3 in. x 10 ft. 6 in.	Formerly \$76.50	Now \$47.75
9 ft. 0 in. x 12 ft. 0 in.	Formerly 85.00	Now 52.50
8 ft. 3 in. x 10 ft. 6 in.	Formerly 113.00	Now 73.00
9 ft. 0 in. x 12 ft. 0 in.	Formerly 125.00	Now 78.00

SAXONY RUGS

8 ft. 3 in. x 10 ft. 6 in.	Formerly \$101.00	Now \$70.00
9 ft. 0 in. x 12 ft. 0 in.	Formerly 110.00	Now 82.50

RUGS WITHOUT SEAMS

Plain Color Effects

8 ft. 3 in. x 10 ft. 6 in.	Formerly \$92.00	Now \$60.00
9 ft. 0 in. x 12 ft. 0 in.	Formerly 105.00	Now 70.00

JAPANESE JUTE RUGS

9 ft. 0 in. x 12 ft. 0 in.	\$38.50
6 ft. 0 in. x 9 ft. 0 in.	19.25

100 AXMINSTER RUGS

3 ft. 0 in. x 6 ft. 0 in.	Formerly \$9.00	Now \$6.75
---------------------------	-----------------	------------

IMPERIAL AXMINSTER "MADE-CARPET" RUGS

Small self-colored designs, taupe, grey, green, rose and blue, size 9 ft. 9 in. x 12 ft. 0 in.

Regular Price, \$138.50; Sale Price, \$85.00

SANDRINGHAM AXMINSTER RUGS

Imported and Domestic

Persian designs, 9 ft. 9 in. x 12 ft. 0 in.

Regular Price, \$208.00; Sale Price, \$125.00

"MADE-CARPET" RUGS IN ALL SIZES AT SPECIAL PRICES

Brussels, 9 ft. 0 in. x 12 ft. 0 in., \$32.25

SLOANE VACUUM CLEANERS, \$39.75 each

FIFTH AVENUE & 47TH STREET, NEW YORK

Attracting the Public
Macy's
HERALD SQUARE, BROADWAY,
31TH TO 33TH ST.
We Sell Dependable
Merchandise at Prices
Lower Than Any Other
Store, but for Cash Only.
Store opens 9:00 A. M.
and closes 5:30 P. M.



Ultimately
It's Up to You

Mr. Curtis, to pay more for Mrs. Curtis' purchases if you deal at stores where she has charge accounts, for tucked into the price you pay is an amount added to defray the cost of an expensive credit system. Does Mrs. Curtis realize that she, too, is paying an increased amount for all merchandise bought on deferred payments? Why not tell her about our D. A.?

The Depositors' Account

is the only charge system with a conscience. It's as simple as it is convenient. The Depositors' Account is a private bank authorized by the Superintendent of Banking of the State of New York. We pay 4% interest beginning the day of deposit, and there's another advantage, for our cash policy allows us to sell merchandise at least 6% less than other stores. Just order your purchases charged against your account and monthly receive an itemized statement telling what we owe you, not what you owe us. You may withdraw your money in whole or part upon demand. If you can pay your bills monthly you do not need credit. If you do not need credit why pay for it at credit houses in the prices asked for the goods? Ask for Particulars.

Ask for Particulars.
R. H. Keyser's Department Account Dept., Private Bankers, under the supervision of the Superintendent of Banking of the State of New York.
Rugby—Main Floor, Bulfinch, 47th St.

A Big Difference



The difference between re-covered and re-upholstered furniture is just the difference between solid worth and veneer. We hesitate to just recover but many times when we re-upholster an article it leaves our workrooms better than new. For instance, we received a chair which had every outer indication of being a very high grade piece. When we opened it up we found but five springs and a filling of tow. This accounted for its lousy shape so soon. We re-fitted it with twelve springs and a hair filling and returned it to a greatly satisfied customer.

Giving Unusual Satisfaction

to our patrons is one thing our upholstery department is justly proud of, for during our years of service we have rarely received a complaint. Our staff of skilled workmen has been with us for years and works under hygienic conditions in sunlit workrooms. They will arrange drapery and wall coverings, make awnings, slipcovers or any kind of cushions. Our estimator will be glad to call and give quotations.